

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,
et al.,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

Re: ECF No. 21494

**THE PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY
AUTHORITY'S STATUS REPORT REGARDING THE GOVERNMENT
OF PUERTO RICO'S RECENT ACTIVITIES AND RESPONSE TO
THE ONGOING COVID-19 PANDEMIC**

To the Honorable United States District Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"), through its undersigned counsel, submits this status report on behalf of the Government of the Commonwealth of Puerto Rico (the "Government") in response to the Court's *Order Regarding Procedures For Hearing on Confirmation of HTA Plan of Adjustment and August 17-18, 2022, Omnibus Hearing* (the "Order") [ECF No. 21494] and states as follows:

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), and (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

PRELIMINARY STATEMENT²

Since the June Report, following the Plan's Effective Date, the Commonwealth continues focused on implementing initiatives in order to achieve a sustainable economic recovery. Specifically, the Government has devoted substantial efforts to obtaining approval of reconstruction and recovery projects to stabilize Puerto Rico's electric system and repair remaining damages sustained as a result of Hurricanes Irma and Maria.

Further, pursuant to the Government's commitment to restructure the obligations of the remaining Debtors, AAFAF and the Financial Oversight and Management Board for Puerto Rico (the "Oversight Board"), reached an understanding which settled AAFAF's *Limited Objection to Section 2.4 of the Third Amended Title III Plan of Adjustment of the Puerto Rico Highways and Transportation Authority* [ECF No. 1318] (the "Limited Objection") in anticipation of the hearing on confirmation of the *Fifth Amended Title III Plan of Adjustment of the Puerto Rico Highways and Transportation Authority* (the "HTA Plan") scheduled for August 17, 2022. The understanding between AAFAF and the Oversight Board is reflected in the latest version of the HTA Plan filed on August 13, 2022 [Case No. 17-03567, ECF No. 1377]. As a result, AAFAF supports confirmation of the HTA Plan, while reserving its rights as to any plan, plan supplement or proposed confirmation order provision added or amended thereafter.

Moreover, the Government continues to promote Puerto Rico as a desirable tourist destination, projecting to reach new records of hotel room tax collection³ and recording for the

² Defined terms not otherwise defined herein shall have the same meaning given to them in *Status Report of the Puerto Rico Fiscal Agency and Financial Advisory Authority Regarding the Government of Puerto Rico's Recent Activities and Response to the Ongoing Covid-19 Pandemic* (the "June Report") [ECF No. 21376].

³ See, Puerto Rico Tourism Company Website, ALZA HISTÓRICA EN LOS RECAUDOS POR IMPUESTO DE HABITACIÓN, <https://prtourism.com/2022/07/12/alza-historica-en-los-recaudos-por-impuesto-de-habitacion/>

first time in fifteen (15) years, during the fiscal year of 2021-2022, a total of passengers by the Luis Muñoz Marín International Airport surpassing 10.4 million individuals.

In addition, the Puerto Rico Department of Health (“DOH”) continues monitoring new COVID-19 subvariants, which continue to cause high positivity rates globally⁴. The Government also has implemented a series of initiatives to curb COVID transmission. Combined with the Government’s past emphasis on mandatory vaccinations and the availability of certain new antiviral and monoclonal treatments, fatalities from COVID remain low.

The Government remains confident that these developments continue to contribute to Puerto Rico’s path to economic recovery.

I. Executive and Administrative Orders Related to the COVID-19 Pandemic

1. As detailed in previous reports, the DOH maintains a “dashboard” to provide daily updates on COVID-19 related statistics.⁵

2. Over the past months, the Government has observed a sustained rate of COVID-19 infections, with a positivity rate of approximately 27.9% as of August 16, 2022⁶. However, out of 118,890 total new positive cases since the June Report, a substantial small percentage (.22% of such cases) have been fatal.

3. Despite the low percentage of fatalities among the positive cases, the Government continues its commitment to protecting the Commonwealth’s residents and visitors and, since the June Report, has implemented additional measures in furtherance of such endeavors.

4. For example, on July 8 and 12, 2022, respectively, the DOH issued Administrative Order 539 (“OA 539”) to extend—until December 31, 2022— (i) prior Administrative Orders 478,

⁴ See World Health Organization Website, <https://covid19.who.int/table> (last visited August 16, 2022).

⁵ <https://covid19datos.salud.gov.pr/>.

⁶ COVID-19 In Figures In Puerto Rico, <https://covid19datos.salud.gov.pr/> (last visited August 16, 2022).

485 and 527 which collectively authorize licensed pharmacists and pharmacies to order and administer COVID-19 vaccines, to process antigen and rapid molecular COVID-19 tests and to be able to provide antiviral medications Paxlovid and Molnupiravir for the treatment of COVID-19 to ambulatory and non-institutionalized patients⁷ and **(ii)** the use of telemedicine⁸.

5. Further, on July 9, 2022, the DOH coordinated an event in the José Miguel Agrelot Coliseum to administer—to individuals 12 years and older—first and second COVID-19 vaccine booster shots⁹. The DOH also conducted similar vaccination events on July 15 and 16, 2022 directed to individuals older than 5 years, to continue protecting Puerto Rican residents and to decrease risks of hospitalization¹⁰.

6. In furtherance of its endeavors to continue protecting the education sectors, on July 29, 2022, the DOH informed that it would maintain the COVID-19 prevention guidelines—published in May—in institutions that provide educational services from kindergarten through the twelfth grade, child-care programs, among others¹¹, which guidelines are aimed towards continuing to implement preventive measures regardless of vaccination status. These measures, which apply equally to students, teachers, school personnel and contractors, include, for all indoor spaces: **(i)** that any individual older than two (2) years old must use facemasks in indoor spaces, **(ii)** the improvement of ventilation in spaces with limited airflow, **(iii)** promoting physical distancing and **(iv)** the frequent washing of hands.

⁷ See, DOH Website, <http://www.salud.pr.gov/CMS/DOWNLOAD/6378>.

⁸ See, DOH Website, <http://www.salud.pr.gov/CMS/DOWNLOAD/6386>.

⁹ See, DOH Website, SALUD Y VOCES PROTEGEN LA POBLACIÓN PARA LA CELEBRACIÓN DE EVENTOS POSIBLES PROPAGADORES DEL COVID-19, <http://www.salud.pr.gov/menuInst/download/1349>.

¹⁰ See, DOH Website, SALUD CONTINÚA LOS ESFUERZOS DE PREVENCIÓN, EDUCACIÓN, Y VACUNACIÓN CONTRA EL COVID-19, <http://www.salud.pr.gov/menuInst/download/1351>.

¹¹ See, DOH Website, DEPARTAMENTO DE SALUD MANTIENE GUÍAS PARA LA PREVENCIÓN DE COVID-19 EN ESCUELAS, CENTROS DE CUIDO Y UNIVERSIDADES, <http://www.salud.pr.gov/menuInst/download/1362>.

7. Through the July 29, 2022 press release, the DOH reiterated that the use of facemasks in educational institutions is mandatory in indoor spaces. Furthermore, the DOH informed that schools should continue free-of-charge weekly COVID-19 testing (if parental-consent was previously obtained therefor), to continue combating the spread of the virus.

8. The DOH also updated its dashboard to provide additional information regarding the status of vaccinations across Puerto Rico and additional data on COVID-19 cases.¹²

9. In addition to the above, the Government continues working closely with experts from various sectors to monitor the virus and to adopt or modify any necessary measure or restriction that may be required on a timely basis.

II. Status of COVID-19 Vaccination Process, Infections, and Hospital Capacity

10. The Government continues to promote vaccination, including first and second booster-shots, as the best way to combat COVID-19's spread.

11. As noted in the June Report, on June 15, 2022, the DOH announced that it would update the COVID-19 dashboard, and, specifically the vaccination and fatalities sections thereof, by adopting the Centers for Disease Control and Prevention ("CDC")'s definition of being "up-to-date with vaccinations", which distinguishes between (i) "non-vaccinated"; (ii) "not up-to-date with vaccinations" and (iii) "up-to-date with vaccinations", indicating that such distinction provides the most accurate available data¹³. The details of the CDC vaccine definitions can be examined in detail in the CDC website¹⁴.

¹² See DOH Website, [Actualizan datos en portal COVID-19 del Departamento de Salud](#).

¹³ See, DOH Website, ACTUALIZAN DATOS EN PORTAL COVID-19 DEL DEPARTAMENTO DE SALUD, <http://www.salud.pr.gov/menuInst/download/1335>.

¹⁴ See, CDC Website, STAY UP TO DATE WITH YOUR COVID-19 VACCINES, <https://www.cdc.gov/coronavirus/2019-ncov/vaccines/stay-up-to-date.html>.

12. Based on these definitions, as of August 16, 2022, in Puerto Rico, there are (i) 1,018,637 individuals with “up-to-date vaccinations”; (ii) 1,899,224 individuals that are “not up-to-date with vaccinations” and (iii) 275,833 non-vaccinated individuals; as of August 16, 2022, the percentage of the Puerto Rico population that has “up-to-date vaccinations” is 31.90%¹⁵.

13. As stated in the June Report, and as detailed above, the Government continues promoting several programs to reach and encourage eligible individuals to get vaccinated, which efforts have helped to achieve palpable favorable results. As of August 16, 2022, Puerto Rico has:

- Had 395,909 confirmed cases, 496,675 probable cases, and 4,853 reported deaths.
- A total of 1,204 ventilators (adult and pediatric) are in stock and available to be used in Puerto Rico. 378 are in use, of which 22 are due to COVID-19. 159 of those in stock are pediatric ventilators and, of those; 50 of those pediatric ventilators are in use, with only one in use due to COVID-19.
- 321 adult patients are hospitalized due to COVID-19, of whom 46 are in intensive care. 34 pediatric patients are hospitalized due to COVID-19, of whom 1 is in intensive care.
- 4,779 adult beds and 564 pediatric beds are currently in use out of a total 6,891 and 1,233 hospital beds, respectively. Out of the total detailed above, 466 of ICU beds and 35 pediatric ICU beds are currently in use out of a total 598 and 91, respectively.

III. Update on Funding Related to COVID-19 and Disaster Relief Funds

A. Federal Funding Under the Coronavirus Relief Fund

14. As of August 5, 2022, the Government has disbursed \$2.18 billion of the \$2.24 billion it has received under the CARES Act’s Coronavirus Relief Fund. AAFAF has published a report detailing the use of these funds and the disbursements made as of August 5, 2022, which reports continue to be published in a weekly basis, which is available at [COVID-19 Resource Center | AAFAF \(pr.gov\)](#). See also **Exhibit A**.

¹⁵ <https://covid19datos.salud.gov.pr/>.

B. Update on Disaster Relief Funds¹⁶

15. The Government continues to disburse federal aid, and among the various disbursements made, and developments, since the June Report are the following:

- On July 7, 2022, the Government announced that during the first half of the year 2022, the Central Office of Recovery, Reconstruction, and Resilience (“COR3”) has disbursed approximately \$462 million for reconstruction and recuperation projects—more than the total of \$457 million and \$358 million disbursed by COR3 in 2020 and 2021, respectively—announcing that COR3 projects to disburse approximately \$1,000 million by the end of the year. The funds disbursed so far were destined to the following sectors: \$193.9 million destined to energy; \$88.5 million destined to Municipalities; \$44.7 million destined to health and social services; \$30.5 million destined to water; \$13.1 million disbursed to transportation and \$4 million to housing.¹⁷
- On July 17, 2022, the Government announced that the Federal Emergency Management Agency’s (“FEMA”), through the Hazard Mitigation Grant Program (“HMGP”), recently contributed over \$877,000.00 for nine storm shutter projects in several towns, with the purpose of providing common areas during storms and emergencies for the elderly and children with disabilities.¹⁸
- On July 19, 2022, the Government announced the availability of the Working Capital Advance (“WCA”) pilot program (which program was, in the past, only available to Municipalities), for the reconstruction projects of the electric energy system, committed by FEMA. The Government further provided updates as to initiatives for certain projects—either approved or in progress—that both the Puerto Rico Electric Power Authority (“PREPA”) and Luma Energy are undertaking to fortify the electric energy system in the Island¹⁹. As part of these initiatives (i) PREPA can now request an advance of 25% of funds for reconstruction projects corresponding to approved funds for FEMA committed projects and (ii) three (3) requests for advances have been made for which \$1.7 million have been received for energy generation projects for the Aguirre, Palo Seco and Costa Sur stations.

¹⁶ The data and information provided herein has been obtained by AAFAF directly from COR3.

¹⁷ See COR3 Press Release, ENCAMINADO EL COR3 EN SU META POR DESEMBOLSAR \$1,000 MILLONES A FIN DE AÑO, (July 7, 2022), <https://recovery.pr.gov/en/press-releases/encaminado-el-cor3-en-su-meta-por-desembolsar-1,000-millones-a-fin-de-ano->.

¹⁸ See COR3 Press Release, ALLOCATION FOR STORM SHUTTERS TO SUPPORT SERVICES PROVIDED IN 6 MUNICIPALITIES (July 17, 2022), <https://recovery.pr.gov/documents/DR-4339-PR%20NR%20540%20Allocation%20for%20Storm%20Shutters%20to%20Support%20Services%20Provided%20in%206%20Municipalities.pdf>.

¹⁹ See COR3 Press Release, GOBIERNO INCLUYE PROYECTOS DE RECONSTRUCCIÓN DE ENERGÍA ELÉCTRICA EN EL PROGRAMA DE ADELANTO DE FONDOS DE COR3, (July 19, 2022), <https://recovery.pr.gov/en/press-releases/gobierno-incluye-proyectos-de-reconstruccion-de-energia-electrica-en-el-programa-de-adelanto-de-fondos-de-cor3>.

Further, the Government and Luma Energy informed that Unit 5 of the San Juan station is generating 200 megawatts of energy using natural gas and that, at this juncture, 52 substation projects with FEMA to add more stability to the electric energy system have been commenced.

- On July 27, 2022, COR3 announced that, through its website, under the “Road to Recovery” section, Puerto Rico residents can now view the status of the execution of permanent projects being developed by the Puerto Rico Aqueduct and Sewers Authority, PREPA, the Department of Education and the Public Housing Administration, which government dependencies have approximately \$16,000 million in committed funds for such projects, approximately 75% of the total funds assigned by FEMA for the reconstruction of Puerto Rico after the passing of Hurricane María²⁰.
- On August 3, 2022, COR3 announced that FEMA’s goal of submitting approximately \$4,200 million in HMGP proposals had been reached, further informing that FEMA extended, until October 31, 2022, the deadline for subrecipients with FEMA-approved proposals to continue submitting proposals through COR3 geared towards projects for renewable energy, flood control, mitigation of climate change effects, mitigation of coral reefs and coast erosion, and reparations of structural damages caused by seismic activity, among others²¹. Among the proposals under FEMA’s evaluation is the development of the initial phase of a thermal ocean energy plant, known as “OTEC”, in the Municipality of Yabucoa, which plant could represent between 2.5 to 10 megawatts of energy.
- Also on August 3, 2022, the Government announced that FEMA had met the goal of approving 10,000 projects for the recovery of damages after the passing of Hurricane María, representing approximately \$28 million in funds for, *inter alia*, reconstruction projects for highways, public buildings, community spaces, among others²². The largest number of projects with assigned funds corresponds to the Municipalities, with over 62% of the approved projects to date. Further, in the health and social services sector (which includes hospitals, care centers for the elderly and houses of worship) around 1,226 projects have been approved.

²⁰ See COR3 Press Release, COR3 PUBLICA ESTATUS DE EJECUCIÓN DE PROYECTOS FAAST, (July 27, 2022), <https://recovery.pr.gov/en/press-releases/cor3-publica-estatus-de-ejecucion-de-proyectos-faast>; see also, ROAD TO RECOVERY PORTAL, <https://recovery.pr.gov/en/ruta-de-la-recuperacion>.

²¹ See COR3 Press Release, COR3 SOBREPASA LOS \$4,000 MILLONES EN PROYECTOS DE MITIGACIÓN DE RIESGOS SOMETIDOS ANTE FEMA, (August 3, 2022), <https://recovery.pr.gov/es/press-releases/cor3-sobrepasa-los-4,000-millones-en-proyectos-de-mitigacion-de-riesgos-sometidos-ante-fema>.

²² See COR3 Press Release, FEMA APRUEBA SU PROYECTO 10,000 PARA LA RECUPERACIÓN DEL HURACÁN MARÍA, (August 3, 2022), <https://recovery.pr.gov/es/press-releases/fema-aprueba-su-proyecto-10,000-para-la-recuperacion-del-huracan-maria>.

16. As of August 3, 2022, the United States Congress had appropriated \$79,614,762,639 for Puerto Rico's recovery efforts. Of this amount, approximately \$67,314,338,324 has been committed by federal agencies for distribution, and \$24,027,474,577—around 30% of the appropriated amounts—has been disbursed. Of the amounts obligated and disbursed, FEMA has committed \$43,146,016,883 and disbursed \$16,283,467,585 (approximately 37.7%) of the total amounts detailed above. Furthermore, of the amounts obligated and disbursed, other federal agencies that provide financial assistance when major disasters and emergencies occur have approved \$30,211,760,603 and disbursed \$4,470,048,077 of the total amounts detailed above. The Government's use of these funds is detailed on the COR3 website and can be accessed at <https://recovery.pr/en>. *See also* **Exhibit A**.

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San Juan, Puerto Rico

Respectfully submitted,

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